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FLORIDA BOARD OF GOVERNORS
THE ALUMNI CENTER
FLORIDA STATE UNIVERSITY
TALLAHASSEE, FLORIDA
APRIL 21, 2005

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The Chair, Carolyn K. Roberts, convened the meeting of the Board of Governors in The Alumni Center, Florida State University, Tallahassee, Florida, at 3:00 p.m., April 21, 2005, with the following members present: John Dasburg, Vice Chair; René Albors, Dr. Akshay Desai, Ann Duncan, Dr. Stanley Marshall, Bill McCollum, Sheila McDevitt; Gerri Moll; Lynn Pappas; Ava Parker; Commissioner John Winn; Dr. Dreamal Worthen; and Dr. Zach Zachariah.

1. Call to Order and Chair's Report

Mrs. Roberts thanked President Wetherell and his staff for the reception and dinner the previous evening at the Werkmeister Reading Room. She said the Board members were very warmly welcomed, and the Reading Room was a lovely setting.

She congratulated President Wetherell on some wonderful recent accolades. An FSU student, Ms. Cara Castellana, a junior majoring in Economics and double minoring in Math and Public Administration, was announced as a 2005 Truman Scholar, one of the most prestigious honors an undergraduate can receive. Two faculty members in the FSU School of Music, ethnomusicologist Dale Olsen and composer Mark Wingate, were named as Guggenheim Fellows for 2005, also truly prestigious awards to faculty members.

She also congratulated President Michalson. The Princeton Review's 2006 edition of "America's Best Value Colleges" had ranked New College of Florida number six on the list of the "Top Ten Best Value Colleges" in the country. The Review listed 81 schools, and ranked them on more than 30 factors in four categories: academics, tuition, financial aid and student borrowing.

Mrs. Roberts said the Board the previous day had released a study of the economic impact of university research on the Florida economy. The study, conducted by the Leadership Board for Applied Research and Public Service, found that every dollar the state invested in research generated an \$11 gain in Florida's economic activity. She reported that the study found that one year's investment in research - \$150 million - generated, over the next 30 years, \$218 million in increased tax revenues and supported more than 76,000 jobs. She said this study showed the tremendous impact of university research on the state's vibrant economy.

She said the Legislative Session was always an important time for the Board and the state universities as Legislators were making important and critical decisions about funding the universities. She said she had spent the previous day meeting Legislators and discussing the universities' needs. She said obtaining appropriate funding for the

universities was the most important task of this Board. If the Board fails to achieve that mission of appropriate funding, the Board has failed its primary role. She encouraged all the Board members to discuss the universities' needs with their Legislators.

She advised the members that the Friday conference calls would continue through the Session. The next meeting of the Board will be June 9, 2005, at Florida Gulf Coast University, in Ft. Myers.

Mrs. Roberts noted that Representative Baxley had addressed the Board during the committee meetings about his proposed legislation on academic freedom for students at the universities.

2. Approval of Minutes of Meeting held March 24, 2005

Ms. Moll moved that the Board approve the Minutes of the Meeting held March 24, 2005, as written. Mr. Albors seconded the motion, and members of the Board concurred.

3. Chancellor's Report

Chancellor Austin said she had distributed information about the Conferees on the Appropriations Bill, as well as a status report on the bills of interest to the Board and the universities. She advised the members of the meeting of the University Presidents, university lobbyists and others with members of Florida's Congressional Delegation in Washington on May 23-24, 2005. She said this meeting was held annually to discuss university priorities and interests in the Federal budget. She invited Board members to attend, if possible.

Dr. Austin also congratulated the Brain Bowl Team from FAMU for winning the trophy and for bringing \$50,000 in winnings back to the institution.

Dr. Austin noted that April was graduation time at the universities. She extended her sincere congratulations to all the graduates and their proud families on this significant achievement.

4. Commissioner's Report

Commissioner Winn reported that providing qualified teachers to Florida's schools was the highest priority for the State Board of Education. He said this would continue to be a huge challenge as the state met the demands of the Class Size Amendment. He said the Governor's proposal to revisit the Class Size Amendment was moving through the Legislature. The legislation included a special election in 2005 on the revised Amendment. He said he hoped this legislation would pass so the state could avoid the enormous teacher demand required to meet the current Amendment's class size provisions.

Mr. Winn said he had asked the Deans of the Colleges of Education what could be done to increase the numbers of graduates with degrees in teaching. He said Dean

Kunkel from FSU, on behalf of all the Deans, had responded with some helpful suggestions, including revisiting the rule on teacher preparation programs and the number of credit hours required. He said a survey of principals, teachers, community colleges and the school districts sought information on their recruitment activities. He said this would have to be a comprehensive effort involving partners from all the education sectors.

5. Approval of 2006-2007 SUS Legislative Budget Request Development Guidelines

Ms. Moll said the Board had held a Budget Workshop earlier in the day to learn about the budget process and the timeline for the development and Board approval of the State University System 2006-2007 Legislative Budget Request. The discussion had included a review of the proposed budget guidelines and forms to be included in the budget instructions.

She advised that the Board needed to approve the Budget Guidelines, both for the Operating Budget and for the Fixed Capital Outlay Budget. She noted that during the discussions, the Board had reviewed several issues in the Guidelines relating to Operating Funds. In the request for annualization of Administered Funds section 1.a., the statement had been amended, as follows: "Funds will be requested for the annualization associated with the 2005-2006 change in employee salary and benefits, if appropriated by the 2005 Legislature." The next sentence in this section 1.a. had been deleted. In section 1.b., Major Gift Program, the Board had agreed to seek funds "to continue support at 100 percent for the Major Gift matching program." Further, the Board had added a new section 1.d., as follows: "Salary increases will be requested on behalf of the State University System, with a recommendation that universities continue to be included in Administered Funds."

Ms. Moll moved that the Board approve the 2006-2007 State University System legislative budget request development operating budget guidelines, as amended, and further, authorize the Chancellor to make technical amendments and adjustments based on the final 2005-2006 Legislative appropriations. Ms. Duncan seconded the motion, and members of the Board concurred.

Ms. Moll also moved that the Board approve the 2006-2007 State University System legislative budget request development fixed capital outlay budget guidelines, as presented, and further, authorize the Chancellor to make technical amendments and adjustments based on the final 2005-2006 Legislative appropriations. Ms. McDevitt seconded the motion, and members of the Board concurred.

6. Approval of Resolution adopting Rule 6A-10.044, Residency for Tuition Purposes

Ms. McDevitt reported that the Student Affairs Committee had met and had considered proposed State Board of Education Rule 6A-10.044, Residency for Tuition Purposes. The rule establishes consistent policies for the classification of students as residents for tuition purposes, regardless of the postsecondary institution determining the classification. She moved that the Board adopt the Resolution adopting proposed

State Board Rule 6A-10.044, Residency for Tuition Purposes, as presented. Ms. Moll seconded the motion, and members of the Board concurred.

President Cavanaugh said the Board should also consider special treatment in the determination of residency for tuition purposes for Graduate Assistants. He said the state would benefit if it could attract strong out-of-state Graduate Assistants and classify these students as residents for tuition purposes. Mrs. Roberts asked staff to look into this proposal for further discussion at the Board's June meeting.

7. Consideration of Continued Funding for FAU-University of Miami Partnership

Dr. Zachariah said the Medical Education Subcommittee of the Strategic Planning Committee had heard a presentation from President Brogan on FAU's partnership with the University of Miami Miller School of Medicine, and expansion of the program so students may complete all four years at FAU. He said President Brogan had also described FAU's efforts in partnership with Boca Raton Community Hospital to create new residency positions at the Hospital.

Dr. Zachariah moved that the Board support FAU's request for funding of the FAU - University of Miami partnership, as presented. Mr. Dasburg seconded the motion, and members of the Board concurred.

8. Consideration: Purpose Statement, Board Audit Committee

Ms. Pappas said the Audit Committee had reviewed its purpose statement. She moved that the Board approve the purpose statement, as follows: "The Audit Committee of the Board of Governors will be responsible for reviewing selected audits identified by the Department of Education's Inspector General, as well as in collaboration with University Board of Trustees. Audits chosen for review will be those that contain findings that the Board should consider for follow-up with the auditees because they involve issues of: serious control weakness; violation of state or federal law or rule; fraud or other criminal activity; ethics violations and other issues of a nature that would cause serious public embarrassment if widely known." Ms. Duncan seconded the motion, and members of the Board concurred.

Further, following Committee discussion, the Committee had moved that it receive the Quarterly Report from Florida A & M University by September on the status of the University's Action Plan as to its financial status and the report from the consulting firm, KPMG LLP, assisting FAMU. She moved that the Board approve the Committee action. Ms. Duncan seconded the motion, and members of the Board concurred.

Ms. Pappas proposed that the Audit Committee review the internal audit processes in place at the universities at the June meeting.

9. Action Items for Consideration

- A. Amended 2005-2006 SUS Fixed Capital Outlay Legislative Budget Request, 2005-2006 Alec P. Courtelis Facility Enhancement Challenge Grant Program Project List

Mr. Dasburg moved that the Board approve the Amended 2005-2006 SUS Fixed Capital Outlay Legislative Budget Request, including the additional projects on the 2005-2006 Alec P. Courtelis Facility Enhancement Challenge Grant Program Project List, as presented. Ms. Duncan seconded the motion, and members of the Board concurred.

- B. Amended 2005-2006 SUS Fixed Capital Outlay Legislative Budget Request, Five-Year Capital Improvement Plan

Dr. Austin advised the Board that FSU had modified the list of its projects that require Board and legislative approval. This change would affect three project lists, as follows: the 2005-2006 Fixed Capital Outlay Projects Requiring Legislative Approval, Projects to be Financed and Constructed by a DSO; the 2005-2006 Fixed Capital Outlay Projects Requiring Legislative Authorization and General Revenue Funds to Operate and Maintain; and the 2005-2006 Fixed Capital Outlay Projects Requiring Legislative Approval to Sell Bonds. She said the revised lists had been distributed to Board members.

Mr. Dasburg moved that the Board approve the additions to the lists, as presented by Chancellor Austin, and the amended portion of the 2005-2006 SUS Fixed Capital Outlay Legislative Budget Request, i.e., approve a revision of the 2005/2006-2010/2011 SUS Five-Year Capital Improvement Plan Project List, as presented. Mr. Albors seconded the motion, and members of the Board concurred.

- C. Resolution Approving the Issuance of Revenue Bonds by the University of Florida Athletic Association, Inc., to Finance Construction of the Baseball/Football Locker Room Facilities and Lemerand Center Renovations

Mr. Albors moved that the Board approve the financing plan and adopt a resolution authorizing the issuance of the University of Florida Athletic Association, Inc., revenue bonds in an amount not to exceed \$10,000,000 to finance the construction of the baseball/football locker room facilities and renovations to the Lemerand Athletic Center on the main campus of the University of Florida in Gainesville, Florida, as presented. He moved further that the Board authorize the Chair, the Vice Chair, the Deputy Commissioner of Finance and Operations, and other authorized representatives of the Board of Governors to execute the necessary contractual documents related to the financing of the project. Ms. Moll seconded the motion, and members of the Board concurred.

- D. Resolution Requesting the Division of Bond Finance of the State Board of Administration of Florida to Issue Revenue Bonds on Behalf of Florida State University to Finance the Construction of a Housing Facility (DeGraff Hall) on the Campus, FSU

Mr. Dasburg moved that the Board approve the financing plan and adopt a resolution authorizing the issuance of fixed rate, tax-exempt revenue bonds by the Division of Bond Finance of the State Board of Administration of Florida, on behalf of Florida State University, as presented. These funds will be used to finance the demolition and new construction of DeGraff Hall (New Residence Hall), in an amount not to exceed \$31,700,000. He moved further that the Board authorize the Chair, the Vice Chair, the Deputy Commissioner of Finance and Operations, and other authorized representatives of the Board of Governors to execute the necessary contractual documents related to the financing of the project. Ms. Duncan seconded the motion, and members of the Board concurred.

- E. Authorize the Release of Funds from the University Concurrency Trust Fund in accordance with the Campus Development Agreement between the University of Central Florida Board of Trustees and Orange County

Ms. Moll moved that the Board approve the allocation and authorize the Deputy Commissioner, Finance and Operations, to release funds in the amount of \$4,796,584 to Orange County, Florida, as agreed in the Campus Development Agreement between the University of Central Florida Board of Trustees and Orange County, as presented. The parties have signed the Campus Development Agreement consistent with this action. Mr. Albors seconded the motion, and members of the Board concurred.

- F. Auxiliary Facilities that have Bond Covenants Requiring Approval of 2005-2006 Operating Budgets and Facility Maintenance and Equipment Reserve Fund Reports

Ms. Duncan moved that the Board approve the income and expenditure statements and facility maintenance and equipment reserve amounts for auxiliary facilities that have bond covenants requiring approval, as presented. This action represents an annual evaluation of financial information, previously approved by the Board at its meeting on April 22, 2004. Ms. Moll seconded the motion and members of the Board concurred.

10. Adjournment

Mrs. Roberts advised the Board members that the Chancellor had provided the names and phone numbers for the Conferees on the Appropriations Bill. She

encouraged members to call them and urge their support for the University System's budget.

Having no further business, the Chair adjourned the regular meeting of the Florida Board of Governors at 3:30 p.m., April 21, 2005.

Carolyn K. Roberts,
Chair

Mary-Anne Bestebreurtje,
Corporate Secretary